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6. Military Intelligence (Including Military Economics).

In addition to the major research required in support of the National Estimates process (discussed in para G2), this past year saw a continuation of the steadily mounting demands from many government agencies for military and military-economic research in direct support of immediate national security issues. The requests were answered in many ways - briefings, memoranda, formal papers - and addressed questions as diverse as Soviet defense and space expenditures, Chinese Communist submarine production, and Middle East arms budgets. They were mainly concerned with such strategically significant issues as the possible effect on the US military posture of developments in Soviet offensive and defensive missiles, Chinese ballistic missiles, and other major weapons systems of the Communist countries.

To improve our ability to make sound intelligence judgments on rapidly changing military developments, considerable effort has been directed to the examination of promising new analytical techniques and methodologies. An improved method was devised for handling the difficult task of defining the costs of land armaments associated with ground force structures. The development of strategic

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and military-economic simulation models has continued and is expected to improve significantly our estimates and projections of the future Soviet strategic posture. Deeper insights were gained into the political aspects of Soviet military power and some of the implications of mainland Chinese military activities.

Of particular promise for the future is the substantial progress made in developing the hardware and software for an on-line computer system. Such a system will permit intelligence analysts to manipulate and display automatically large quantities of data pertinent to the solution of complex analytical problems. The intelligence problem selected for the developmental project is that of Soviet defensive priorities and concepts. However, exploration of the applicability of similar methods to a variety of other strategic research problems is being vigorously pursued.

During the past fiscal year organizational changes were approved which, when fully implemented, will enable the Agency to respond with increasing effectiveness to requirements for military intelligence in support of national security questions. The new Office of Strategic Research, established on 1 July 1967, will centralize within the Intelligence Directorate the responsibility

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for strategic military intelligence, particularly with respect to military doctrine and strategy, deployment and employment of military forces, production of military equipment, and the costs and economic implications of foreign military and space programs. Realigned organizational and substantive relationships are designed to eliminate both duplication and gaps in research coverage and to enhance the timeliness and authority of military estimates. As in the past, a large proportion of the effort will be devoted to the USSR. However, reporting on the military activities of Communist China will continue to expand as evidence permits. Greater attention will also be given to those Free World countries with significant advanced weapons programs in being or in prospect.

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2. National and Special Intelligence Estimates

The National Intelligence Estimates process continued to absorb a major portion of the analytical talent allotted to military intelligence. As in previous years major estimates addressed such questions as Soviet military policy, Soviet capabilities for strategic attack and defense, space programs, Chinese Communist advanced weapons systems and other questions of foreign military doctrine, production, deployment, employment, military expenditures and capabilities.

Under ONE auspices, the National Intelligence Projections for Planning (NIPP), which annually consumes over 6000 manhours of OSR analytical effort in addition to computer programming and machine time, was prepared for the Department of Defense. These projections, in a format and time frame similar to those used in US defense planning, have become a unique source of detailed information on Soviet military forces, their resource costs, and the economic implications of postulated force structures.

The national estimates process continues to benefit from the maintenance of a sound research base, the steady development of refined analytical techniques and the

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increased use of automatic data processing. In these ways the scope of intelligence judgments is gradually being widened and the areas of uncertainty narrowed.

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1. Current Intelligence Analysis

The Military Division and the China Military Branch of OCI (now incorporated into the Regional Analysis Div. of OSR) continued to report on a wide spectrum of military and scientific activities in the Communist world and certain Western nations. Soviet space achievements and facilities received heavy emphasis, as did Chinese Communists advanced weapons activities and Chinese and French nuclear tests. Indications of the possible introduction of new weapons into the Vietnam war were followed closely. So were the Chinese Communist military forces and their potential as related to Vietnam. Beginning in May, military developments in the Middle East crisis became a high priority reporting requirement which continues to the present time.

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